



# STATE OF CONNECTICUT

## OFFICE OF STATE ETHICS

### ***TESTIMONY PRESENTED BEFORE THE GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE***

*February 6, 2015*

*Statement of Carol Carson, Executive Director  
Office of State Ethics*

*Senate Bill 847 – AAC a Code of Ethics for Municipal Officials and Employees*

*Senate Bill 849 – AA Requiring Statements of Financial Interest to Disclose Contracts with  
Quasi-Public Agencies*

*Senate Bill 850 – AA Amending the Code of Ethics for Lobbyists to Redefine “Lobbying” and  
“Expenditure”, Define “Grass Roots Lobbying” and Raise the Threshold for Lobbyist  
Registration*

*House Bill 6670 – AAC Revisions to the Codes of Ethics*

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Good afternoon, Senator Cassano, Representative Jutila, Ranking Members Senator McLachlan and Representative Smith, and distinguished Committee members. Thank you for this opportunity to provide testimony concerning Senate Bills 847, 849 and 850 and House Bill 6670, which are proposals recommended by the Citizen’s Ethics Advisory Board of the Office of State Ethics and which the Office of State Ethics supports.

**Senate Bill 847** is our Priority 1 legislation for the 2015 legislative session and I want to thank the Committee for raising this bill. The primary purpose of this legislation is to create a Code of Ethics for Municipal Employees and Officials and to place municipal ethics under the jurisdiction of the OSE.

In sum, the bill establishes a single statute governing municipal ethics under the administration of the Office of State Ethics. The bill is based on the State Code of Ethics but is simplified to meet municipal needs and has some significant differences. First, the proposal does not include a Code of Ethics for Lobbyists who may lobby municipalities. Second, the proposal makes the filing of Statements of Financial Interests a requirement only in instances where the governing board of the municipality adopts such a requirement. Like the state Code of Ethics, the

proposed statute has provisions related to gifts, improper use of office, conflicts of interests, nepotism, contracting with municipal government, side-switching and revolving door or post-employment restrictions.

Connecticut municipalities are paying a “corruption tax” that is creating uncertainty, impeding economic growth and lowering tax revenues in municipalities. Research suggests this so-called tax may equal hundreds of millions of dollars annually. On a monthly, or even weekly, basis, Connecticut media is reporting on allegations of municipal officials and employees using their positions for personal financial gain. Whether the allegations involve using public works vehicles or recreational facilities for personal use or stealing thousands or even millions of dollars in public funds, entering no bid contracts or hiring relatives, municipalities are paying the price.

Most Connecticut municipalities currently have ethics commissions and codes of ethics, which vary widely. What is often lacking are what are known as the three pillars upon which successful ethics commissions and boards are built: independence, enforcement authority and adequate resources. Local commission members often are appointed by the mayor or first selectman; their enforcement authority can be limited or non-existent and, given municipal budgetary stresses, so are their resources in most cases.

In particular, a number of Connecticut cities and towns have faced budget-busting costs of half a million dollars or more when faced with investigating and enforcing a single, often politically-charged, allegation of a violation.

In addition to decreasing the “corruption tax,” creating a single municipal Code of Ethics will save municipalities money in several ways. First, municipalities will not face unexpected costs that can equal the cost of the salaries of teachers and police officers because, under the proposal, the Office of State Ethics will investigate and prosecute alleged violations. Second, the Office of State Ethics, as it does for state officials and employees, will provide no-cost education to municipalities; research shows that increased education equals increased compliance. Third, the Office of State Ethics, again as it does for state officials and employees, will provide free legal advice that potentially will save towns hundreds of thousands of dollars in legal fees paid to outside counsel.

Specifically, **Senate Bill 847** mirrors the Code of Ethics for Public Officials and State Employees but is separate from the state code, which is located in Part I of Chapter 10 of the General Statutes. The proposal places the Code of Ethics for Municipal Officials under newly-created Part V of Chapter 10. The bill provides relevant definitions for municipality, municipal employee, municipal official and special district. It describes the duties and authority of the Citizen’s Ethics Advisory Board, such as providing no-cost advisory opinions and education, and conducting investigations, probable cause hearings and board hearings. It outlines the actions the Citizen’s Ethics Advisory Board can take following a finding of a violation and it lays out penalties. It also articulates disciplinary powers of municipal legislative bodies, boards, commissions, councils and departments. The stringent confidentiality provisions of the state code are included in the bill and decisions of the Citizen’s Ethics Advisory Board and Office of State Ethics are appealable to Superior Court.

The bill extends various prohibitions to municipal employees and officials, including substantial and potential conflicts of interests, accepting or giving gifts, entering into contracts unless the contract has been awarded through an open and public process and post-employment restrictions. Municipal employees and officials may not represent third parties but would be allowed to represent themselves in their own interest or the individual interest of an immediate family member before any municipal board. Municipal consultants and independent contractors would face restrictions similar to those in the state Code of Ethics.

**Senate Bill 849** would require filers of Statements of Financial Interests to report any leases or contracts they or their business has with quasi-public agencies. Currently only leases of contracts with the state must be reported.

**Senate Bill 850** makes several changes to the Code of Ethics for Lobbyists including, among others, increasing the threshold registrations from \$2,000 to \$3,000, which was last increased in 1997. The Bill also clarifies provisions related to grassroots lobbying by adding language that outlines explicitly the meaning of "soliciting others to communicate with any official or his staff in the legislative or executive branch of government or in a quasi-public agency, for the purpose of influencing any legislative or administrative action." It also increases the number of exemptions to reportable expenditures by lobbyists, such as communication with members of associations, parishes, unions and other organizations as well as travel costs for such members. This bill is necessary to address the constitutional concerns raised in a 2009 opinion of the Attorney General. In that opinion, the Attorney General concluded that the Code's definitions of "lobbyist" and "lobbying" were overly broad and vague and recommended that the General Assembly address these concerns.

**House Bill 6670** makes a number of changes that provide clarity and consistency to the Code of Ethics including limiting gift-giving between superiors and subordinates to \$100 annually; making explicit that the OSE Enforcement Division has authority to enforce Part IV of the Code of Ethics, violation of which may result in a contractor being disqualified; and including quasi-public agencies in prohibited activities involving consultants and independent contractors.

Finally, at the recommendation of the Auditors of Public Accounts in their *2014 Report to the Connecticut General Assembly*, the Office of State Ethics recommends that **Senate Bill 6670** include the following language, which would add human resources managers to the list of "mandated reporters," who are senior employees in agencies who are required to refer allegations of violations of the Code of Ethics to the Office of State Ethics:

**Sec. 1-101pp. Reporting of ethics violations by agency commissioners and persons in charge of state agency procurement and contracting.** Any commissioner, deputy commissioner, state agency or quasi-public agency head or deputy, person in charge of human resources within a state agency or quasi-public agency, or person in charge of state agency or quasi-public agency procurement and contracting who has reasonable cause to believe that a

person has violated the provisions of the Code of Ethics for Public Officials set forth in part I of this chapter or any law or regulation concerning ethics in state contracting shall report such belief to the Office of State Ethics, which may further report such information to the Auditor of Public Accounts, the Chief State's Attorney or the Attorney General.

Thank you for your consideration of these proposals. I am happy to answer any questions.